

## Testimony to the Appropriations Committee in support of SB 111

Date March 18, 2022

Good Evening Sen. Osten, Rep. Walker, and members of the Appropriations Committee. My name is Liz Fraser, I am the Policy Director for the Connecticut Association for Human Services, a division of Advancing Connecticut Together.

Today early care and education providers all across Connecticut are asking for help. A significant investment from Connecticut is immediately needed to stabilize the existing field with compensation relief. A substantially larger long term investment of both federal and state dollars will be needed to build a twenty-first century early childhood system that is of high quality for children, affordable for families, compensates early educators, is financially viable for providers, and supports the Connecticut economy well into the future.

**But right away there are several steps that need to be taken to stabilize the industry.**

**Raise the rates of state funded programs** so that they can cover rising costs, raise compensation, and hire and retain staff members.

**Provide a substantial wage supplement to the rest of the early care and education workforce**, ensuring that private, nonprofit and family providers, (who provide 80% of the early care programs in Connecticut), can also raise compensation, hire and retain staff members, and stay in business.

Over the past several decades, perhaps longer, many early care providers have struggled financially. However, the past several years of Covid has exacerbated their financial strain, and now we are in the midst of a crisis affecting the majority of the early learning industry. Those in distress include all types of providers: publicly funded, nonprofit and for-profit centers, and family home programs.

The pandemic did not cause the crisis, but it has illuminated the three basic, interrelated problems of early care and education — it is unaffordable for most parents, it is not available for many parents in living in “child care deserts”, and out of pocket tuition, state supports and family fees are no longer able to cover the cost of doing business. Providers are struggling to make ends meet, even as wages for early educators are some of the lowest in the state. Early educators are in precarious financial positions, and many must rely on state subsidies, this includes both degreed teachers as well as entry level staff.

This crisis is systemic and is impacting the entire industry including small and medium sized private programs, nonprofits, and family home providers. Simply put, the early care business model no longer works in a modern economy.<sup>1</sup>

**Cost to Families:** Families with young children face a significant cost burden, with the actual cost of a high-quality program costing upwards of \$17,000 for preschool and \$22,000 a year for infants and toddlers<sup>2</sup>. This limits access to programs. As an example, **only 11.5% of Connecticut families can afford infant/toddler care**, and a **typical family in Connecticut would have to spend 33.3% of its income on child care for an infant and a 4-year-old**.<sup>3</sup>

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<sup>1</sup> Publicly funded programs represent only about 20% of the industry in CT.

<sup>2</sup> <https://costofchildcare.org/>

<sup>3</sup> Economic Policy Institute. The Cost of Child Care in Connecticut. <https://www.epi.org/child-care-costs-in-the-united-states/#/CT> Using the federal affordability guideline of 7% of income.

Low-income families can apply for Care4Kids subsidies. However, Care4Kids subsidies often do not cover the full cost of care. So, in addition to the family out-of-pocket cost, parents are responsible for the difference between the tuition and the Care4Kids subsidy. This can also limit access to programs for lower income families.

“Middle-income” families lack access to these subsidies. During the pandemic, ARPA funding increased Care4Kids eligibility for families earning up to 60% of median income, or \$75,052 for a family of four,<sup>4</sup> well below the ALICE survival budget.<sup>5</sup> However, when ARPA money is gone, there is great risk that family income eligibility will be reduced to a pre-pandemic cap of 50% of SMI or 62,543 for that same family.

We need to attract a younger workforce and Connecticut is a great place to live. But young families are facing a triple whammy; high housing costs, student debt, and unaffordable early care for young children. It is hard to afford to live in Connecticut without two earners in a household. But when the early care and education costs take up so much of the family budget, hard decisions must be made. Often women will be the ones to forgo their career for these years, sacrificing years of salary, social security and 401K contributions, and upward mobility.

**Provider Expense**-Even though the cost of early care and education is the one of the largest dollar outlays for most families, the **out of pocket tuition from parents is just not enough to support the small businesses providing care.** This brief video from a Connecticut provider lays out the problem. [Quality child care is expensive.](#)

**Parent tuition, fees, and current state subsidies cannot support competitive salaries in any sector of the early care industry.** The state subsidized programs have not received a real increase since 2015, even though costs are up and there have been several bumps to the minimum wage. So, early educators receive woefully inadequate compensation with the median child care worker in Connecticut earning \$26 790<sup>6</sup> or an average of \$12.88/hour in 2020. An estimated 50% of providers qualify for public assistance. The great majority of providers are women, and a disproportionate number of them are black and brown women.

Low compensation has culminated in the current crisis where classrooms are being shut down due to lack of staff. Early educators, with experience and credentials are leaving the field to work at entry level jobs, which now pay much more and often offer benefits. Competition exists at all levels with degreed staff leaving for the public-school system. The inability to compensate staff commensurate with their experience, education, and training has reached a critical breaking point.

The entire child care sector is imploding with 1,300 open positions available and few applications<sup>7</sup>. A recent poll demonstrated that: 89% of providers had difficulty with staffing needs, 81% have staff vacancies, 57% have closed classrooms due to staffing, a majority of these programs have a waiting list<sup>8</sup>. Many don't understand that it is the whole field that needs support, not just the 20% of providers that receive state funding. Private, for profit, non-profit and family homes all have worries about keeping their doors open.

**Cost to the Economy:** This is not just an early childhood problem, it is an economic problem for the state. CT's labor force fell by 17,000 last year and is down 92,000 (5%) since February 2020.<sup>9</sup> 76% of employers participating in a

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<sup>4</sup> <https://www.ctcare4kids.com/income-guidelines-for-new-applications/>

<sup>5</sup> The 2020 United Way of Connecticut, Alice report indicates that a family of four with two young children, earning \$90,600 per year, spends 24% of their earnings on child care.<sup>#</sup>

<sup>6</sup> <https://www.bls.gov/oes/current/oes399011.htm>

<sup>7</sup> List of available early childhood positions. Indeed. January 15 2022.

<sup>8</sup> CT Early Childhood Alliance. Survey of Providers. January 2022.

<sup>9</sup> Connecticut Business & Industry Association (2022). “Job Openings Surge, Labor Force Shrinks.”

2021 survey said that childcare negatively impacts up to 20% of their workforce. Another 17% reported that childcare negatively impacted between 20% and 40% of their workforce.<sup>10</sup>

Parents need to work to support their children, but childcare is a huge chunk of their income, and providers are still financially unstable. It doesn't have to be this way. According to the Economic Policy Institute, "meaningful child care reform that capped families' child care expenses at 7% of their income would save a typical Connecticut family with an infant **\$9,194** on child care costs. This would free up **13.2%** of their (post-child care) annual income to spend on other necessities. Parents, especially women, would have more opportunities to enter the labor force. If child care were capped at 7% of income, The reform would expand Connecticut's economy by 0.8%. That's \$2.1 billion of new economic activity".<sup>11</sup>

**Thousands of children across the state are not in child care right now because there are no teachers to fill classrooms.** What does that mean for their parents? What does that mean for Connecticut's economic growth? Even as we try to attract businesses and a younger workforce to Connecticut, we are not fully considering the value of early care and education environments as important for children, family stability and as the underpinning of a strong economy.

The answer is clear, not enough public funding has been put into a system of early care and education that gives all children the strong start they need, **and** supports the ability of parents to work, raise their families, and contribute to the overall economy. While federal funding is greatly needed, there is the real possibility that it might not be here in time to provide much needed relief. If we want to keep our young adults in the state, and attract a young, and vibrant workforce to Connecticut, and have quality early care experience for their children, then we need to value early care and education as a public good, and give parents the opportunity to be financially secure in our state. That begins with this budget.

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<sup>10</sup> Survey of 234 businesses published by the Connecticut Early Childhood Funder Collaborative. Christine Stuart, Connecticut Employers Struggle With Child Care Crisis (April 14, 2021). <https://ctnewsjunkie.com/2021/04/14/connecticut-employers-struggle-with-child-care-crisis/>

<sup>11</sup> <https://www.epi.org/child-care-costs-in-the-united-states/#/CT>